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October 11, 2005

VIA OVERNIGHT DELIVERY

Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

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OCT 12 PM 1:52
T.R.A. DOCKET ROOM

05-00277

Re: Joint Application by Telecom Management, Inc.
d/b/a Pioneer Telephone
and Adelphia Telecommunications, Inc.
For Approval of an Asset Purchase Agreement and
Transfer of Customers

Dear Sir or Madam:

On behalf of Telecom Management, Inc. d/b/a Pioneer Telephone and Adelphia Telecommunications, Inc. enclosed please find an original and thirteen (13) copies of the referenced Joint Application. Also enclosed is the requisite \$25.00 filing fee.

Please date stamp and return the enclosed extra copy of this letter in the envelope provided.

Please call me should you have any questions concerning this filing. Thank you for your assistance with this matter.

Sincerely,



Edward P. Gothard

EPG/pcf
Enclosure

PAID T.R.A.
18802
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10-12-05

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF TENNESSEE**

APPLICATION BY TELECOM MANAGEMENT, INC. D/B/A PIONEER TELEPHONE AND ADELPHIA TELECOMMUNICATIONS, INC. FOR APPROVAL OF AN ASSET PURCHASE AGREEMENT	CASE NO. _____
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JOINT APPLICATION

Adelphia Telecommunications, Inc. ("ATI") and Telecom Management, Inc. d/b/a Pioneer Telephone ("Pioneer") (together "Applicants"), pursuant to the applicable Statutes of this State and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby jointly request Commission approval of a transaction whereby, pursuant to an Asset Purchase Agreement (the "Agreement"),¹ Pioneer will acquire substantially all of the assets of ATI, including, but not limited to, ATI's customer accounts in this State (the "Acquisition").

Since June 25, 2002, ATI has been operating under the protection of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").² The sale of the customers and assets of ATI pursuant to the Agreement has been approved by the Bankruptcy Court.³

¹ A copy of the Agreement is attached hereto as Exhibit "A."

² See *In Re: Adelphia Communications Corporation, et al.*, Case No. 02-41729 (REG) (jointly Administered) (the "Chapter 11 Case") in the United States Bankruptcy Court for the Southern District of New York.

³ A copy of the Order of the Bankruptcy Court is attached hereto as Exhibit "B".

Applicants respectfully submit that the expeditious completion of the Acquisition is necessary to ensure uninterrupted service to ATI's customers. In particular, ATI's financial difficulties substantially limit its ability to compete effectively and hamper the company's ability to obtain the resources required to fulfill customer requests and continue to provide high quality services. ATI will continue to provide service to its customers until such time as the Commission approves the Agreement and this Application.

Applicants emphasize that the Acquisition will not change the rates, terms and conditions under which ATI's customers will receive service. The Acquisition benefits ATI customers by providing them assurances that they will continue to receive the same high quality services previously rendered to them. In compliance with applicable law, customers of ATI will be informed of the Acquisition.⁴ Accordingly, approval of the Acquisition will not in any way be detrimental to the public interests of this State.

In support of this Application, Applicants submit the following:

I. THE PARTIES

1. Pioneer is a Maine corporation with principal offices located at 583 Warren Avenue, Portland, Maine 33815. Pioneer is a certified long distance telecommunications resale provider in this State.⁵

⁴ The proposed form of the customer notice is provided in Exhibit "C" attached hereto.

⁵ Pioneer provides resold long distance telecommunications services in this State pursuant to authority granted in Docket No. 04-00316, dated December 1, 2004.

2. ATI is a Delaware corporation with principal offices located at 5619 DTC Parkway, Englewood, Colorado 80111. ATI is a certified long distance telecommunications resale provider in this State.⁶

II. DESIGNATED CONTACTS

3. The designated contact for questions concerning this Application is:

Edward P. Gothard, Esq.
Rebecca Heggelund
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 North Causeway Boulevard, Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Fax: (504) 831-0892
bheggelund@nbglaw.com

4. Copies of such correspondence should also be sent to:

Telecom Management, Inc.
Sue Bouchard, President
583 Warren Avenue
Portland, Maine 33815
Telephone: (207) 774-9500
Facsimile: (866) 321-7383

Adelphia Communications Corporation
Jo Gentry, Director External Affairs
5619 DTC Parkway, Suite 800
Greenwood Village, CO 80111
Telephone: 303-268-6684
Fax: 720-293-0222
Jo.Gentry@adelphia.com

III. REQUEST FOR APPROVAL OF THE ACQUISITION

5. The Acquisition contemplates the following:

⁶ ATI provides resold local and long distance telecommunications services in this State pursuant to authority granted in Docket No. 99-00580, dated February 29, 2000.

- a. Pioneer will receive ownership, right, title and interest in and to substantially all of ATI's assets, including its customer accounts, as defined in the Agreement.⁷
- b. The bankruptcy estate of ATI will receive the purchase price set forth in the Agreement, pursuant to an Order of the Bankruptcy Court approving the Agreement.

6. Pioneer is well-qualified to consummate the transactions which are the subject of this Application.⁸ The technical, managerial and financial personnel of ATI will assist Pioneer with the transition and integration of the acquired Assets after consummation of the transaction. Information on Pioneer's management team is attached hereto as Exhibit "E".

7. Because Pioneer will acquire substantially all of the assets of ATI and ATI will thereafter cease operations in this State, ATI will no longer require authority to provide service in this State. Applicants therefore respectfully request that, through this proceeding, the Commission grant any authority necessary to permit ATI to discontinue service upon approval of this Application and consummation of the Acquisition, permit ATI to relinquish its certification in this State, simultaneously with the effective date of the Acquisition, and cancel ATI's filed tariffs on the effective date of the Commission's order.

⁷ Sellers have entered into definitive agreements with Time Warner and Comcast providing for the sale of substantially all of ATI's U.S. assets. The assets which are the subject of this Agreement are not assets which are included in the Time Warner - Comcast sale.

⁸ Current financial information for Pioneer is attached hereto as Exhibit "D." **This financial information is submitted confidentially, in a separate sealed envelope.**

IV. PUBLIC INTEREST CONSIDERATIONS

8. Crucial to the Acquisition is the need to ensure the continuation of high quality, uninterrupted service to all customers currently served by ATI. The Acquisition will serve the public interest in that it will ensure that current ATI customers maintain uninterrupted service.

9. The Acquisition will not have any impact on ATI's customers in terms of the services that they receive. In particular, the Acquisition will not cause any change to the rates, terms and conditions of service that ATI's customers receive. Pioneer will incorporate such rates, terms and conditions into its tariffs by separate filing.

10. The Acquisition will also serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of Pioneer to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this State at competitive rates.

V. EXPEDITED REVIEW

11. Applicants request expedited review and disposition of the instant Application due to ATI's financial difficulties and in order to ensure that the transaction is transparent to the affected customers with no interruption in service.

VI. NO TRANSFER OF CERTIFICATES

12. Applicants do not request transfer of ATI's Certificates of Public Convenience and Necessity, or other operating authority, to Pioneer. ATI requests that its Certificates be considered surrendered upon approval of the instant transaction.

VII. CONCLUSION

13. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission approve the Agreement, authorize ATI and Pioneer to consummate the Acquisition as soon as possible and grant the other relief specifically requested herein.

DATED this 11 day of October, 2005.

Respectfully submitted,



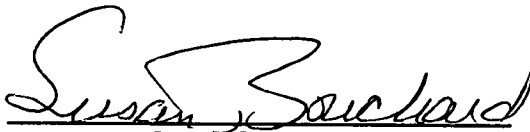
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Nowalsky, Bronston & Gothard
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Fax: (504) 831-0892
Counsel for Applicants

STATE OF MAINE

COUNTY OF CUMBERLAND

VERIFICATION


I, Susan Bouchard, am the President of Telecom Management, Inc. d/b/a Pioneer Telephone, and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Susan Bouchard
Title: President

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 3rd day of October, 2005.


Notary Public

My commission expires: 10/3/2009

 KEVIN PHOTIADES
Notary Public, Maine
My Commission Expires October 3, 2009

STATE OF COLORADO

COUNTY OF ARAPAHOE

VERIFICATION

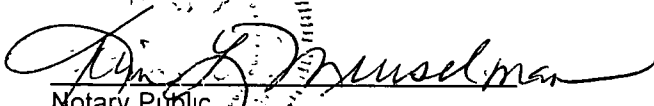
I, Maria G. Arias, am the Vice President, Law and Government Affairs of Adelphia Telecommunications, Inc., and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 

Name: Maria G. Arias

Title: Vice President, Law and Government Affairs

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 31st day of October, 2005.


Notary Public

My commission expires 6/2/07

EXHIBIT "A"

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

between

ADELPHIA TELECOMMUNICATIONS INC.

and

ADELPHIA TELECOMMUNICATIONS OF FLORIDA, INC.

and

TELECOM MANAGEMENT INC.

Dated as of July 8, 2005

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT, is entered into as of July 8, 2005, between Telecom Management, Inc., a Maine corporation d/b/a Pioneer Telephone (the "Buyer"), and Adelphia Telecommunications, Inc., a Delaware corporation, and Adelphia Telecommunications of Florida, Inc., a Delaware corporation (collectively, "Sellers").

RECITALS:

A. Sellers operate a business that, among other things, provides long distance telephone services to residential and commercial subscribers in various states in the United States.

B. Buyer desires to acquire, and Sellers are willing to sell, certain of assets of Sellers upon the terms and subject to the conditions of this Agreement.

C. Sellers are Debtors and Debtors in Possession in a Chapter 11 Case and are subject to the jurisdiction of the Bankruptcy Court. The parties agree and acknowledge that the transactions contemplated by this Agreement will require and are subject to approval by the Bankruptcy Court and that such approval will be sought pursuant to 11 U.S.C. §§ 105 and 363.

D. Sellers have entered into definitive agreements with Time Warner and Comcast providing for the sale of substantially all of the Sellers' U.S. assets. The Purchased Assets which are the subject of this Agreement, and listed on Schedule 2.1 hereto, are not assets which are included in the TW-C Sale. Nothing contained herein, however, shall alter, affect, modify or change Sellers' rights and obligations under the TW-C Sale Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

The following capitalized terms shall have the meanings set forth below:

"Active Long Distance Customer" means any person or entity that is receiving Telecommunications Services from the Business as of the date of the Court Order. In determining the number of Active Long Distance Customers, all customers receiving discounted Telecommunications Services that are established and maintained in the ordinary course of the Business shall be included as Active Long Distance Customers.

"Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with respect to either Seller.

"Agreement" means this Asset Purchase Agreement. "Assumed Liabilities" means any obligation of Sellers to deliver Telecommunications Services to Subscribers who have prepaid for such services, as set forth on Schedule 2.2.

"Bankruptcy Code" means Title 11 of the United States Code.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York.

"Business Day" means any day other than a Saturday, Sunday, or federal holiday.

"Business" means the business of providing long-distance Telecommunications Services by Sellers to Subscribers.

"Buyer Required Consents" is defined in Section 8.1.

"Chapter 11 Case" means the Chapter 11 bankruptcy case of Sellers, entitled *In re Adelpia Communications Corporation, et al.*, Case No. 02-41729 (REG), pending in the Bankruptcy Court.

"Closing Date" has the meaning set forth in Section 3.1.

"Closing" means, subject to satisfaction of the conditions stated in Sections 8 and 9, the consummation of the purchase and sale of the Purchased Assets and the other transactions contemplated under this Agreement.

"Comcast" means Comcast Corporation.

"Confidential Information" means all information, in any medium, concerning Sellers, or the Purchased Assets (whether prepared by Sellers, their Representatives or otherwise) which has been or, on or after the date hereof, is delivered to Buyer or any of its Representatives. Confidential Information also shall be deemed to include all notes, analyses, compilations, studies, interpretations or other documents prepared by Buyer or its Representatives which contain, reflect or are based upon, in whole or in part, the information furnished to Buyer or its Representatives. "Confidential Information" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by Buyer or its Representatives, (ii) was within Buyer's possession prior to its being furnished to Buyer by or on behalf of Sellers, provided that the source of such information was not known by Buyer to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to Sellers, or (iii) becomes available to Buyer on a nonconfidential basis from a source other than Sellers or any of their Representatives, provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to either Seller.

"Court Order" means an order entered by the Bankruptcy Court approving the transactions provided for under this Agreement, substantially in the form attached hereto as Exhibit B, or such other form of order as may be agreed to by Sellers and Buyer.

"Deposit" has the meaning set forth in Section 2.5.

"Encumbrance" means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, cure claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, order, proxy, option, right of first refusal, preemptive right, community property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset) and any other right of a third party.

"Estate" means Sellers' bankruptcy estates created under Bankruptcy Code § 541.

"Excluded Assets" means all assets of Sellers other than the Purchased Assets, including, without limitation, the receivables, work-in-progress, claims and other rights to payment from Subscribers for services other than the Telecommunications Services, and including without limitation the accounts receivable due from Subscribers or Sellers' Affiliates described in Schedule 1.

"Federal Regulatory Approval" means the approval of the transfer of Subscribers from Sellers to Buyer as contemplated under this Agreement by the necessary federal Governmental Authorities, including but not limited to the Federal Communications Commission.

"Governmental Authority" means any federal, state, county, municipal, local or other government, governmental or quasi-governmental agency, department, commission, court, tribunal, authority or body having jurisdiction over the Business or the Purchased Assets.

"Instruments of Transfer" means those instruments transferring the Purchased Assets and Assumed Liabilities to Buyer attached hereto as Exhibit A.

"Losses" means all losses, damages, costs, expenses or liabilities, including reasonable attorneys' fees.

"Motion" means the motion pursuant to Bankruptcy Code §§ 105 and 363, filed by Sellers, which seeks authorization from the Bankruptcy Court, in the form of the Court Order (attached hereto as Exhibit B), to sell the Purchased Assets subject to the terms and conditions of this Agreement.

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

"Purchase Price" has the meaning set forth in Section 2.3.

"Purchased Assets" means the assets of Sellers described and listed in Schedule 2.1.

"Receivables" means, as of the Closing Date, all accounts receivable due from Subscribers, but excluding accounts receivable included in the Excluded Assets.

"Representative" means any director, officer, employee, agent or advisor (including, without limitation, attorneys, accountants, consultants, investment bankers and financial advisors) of any Person.

"Seller Required Consents" is defined in Section 7.1.

"Services Agreement" means a subscriber services agreement in the form attached hereto as Exhibit C.

"State Regulatory Approvals" means the approval of the transfer of Subscribers from Sellers to Buyer as contemplated under this Agreement by the necessary Governmental Authority of each state in which Subscribers are located in which such approval must be issued prior to the transfer of accounts of Subscribers located in such state.

"Subscriber" means an Active Long Distance Customer for Telecommunications Services in a single household or business.

"Subscriber Database" is defined in Schedule 2.1.

"Telecommunications Services" means long-distance telephone services, but does not include local dial tone services, cable television services or other Internet access services.

"Time Warner" means Time Warner NY Cable LLC.

"Transaction Documents" means this Agreement, the Instruments of Transfer, the Services Agreement and all other schedules, exhibits, agreements, instruments and documents executed and delivered in connection with this Agreement.

"TW-C Sale" means the sale of substantially all of Sellers' assets to Time Warner and Comcast.

"TW-C Sale Agreement" means the definitive agreements with Time Warner and Comcast providing for the sale of substantially all of the Sellers' U.S. assets.

2. PURCHASE AND SALE OF ASSETS

2.1 Assets Transferred. On the terms and subject to the conditions set forth in this Agreement, pursuant to sections 105 and 363 of the Bankruptcy Code, Sellers will sell, transfer, convey, assign and deliver to Buyer, and Buyer will purchase and pay for, at the Closing, all of Sellers' right, title and interest in and to the Purchased Assets, as the same shall exist on the Closing Date, free and clear of all Encumbrances in accordance with section 363(f) of the Bankruptcy Code, with all such Encumbrances to attach to the net proceeds of the Sale.

2.2 Liabilities Assumed by Buyer. In connection with the sale, transfer, conveyance, assignment and delivery of, and as partial consideration for the Purchased Assets, on the terms

and subject to the conditions set forth in this Agreement, at the Closing, Buyer will assume and agree to pay, perform and discharge when due the obligations of Sellers arising in connection with the Assumed Liabilities, as the same shall exist on the Closing Date.

2.3 Purchase Price. The aggregate purchase price ("Purchase Price") for the Purchased Assets shall be equal to distance service usage amounts billed by Sellers to Subscribers for the May 2005, June 2005, and July 2005 billing cycles (the "Billed Revenues"). The Billed Revenues shall be reduced by the amount of billings to Subscribers whose bills, as of the July 2005 billing dates, include amounts unpaid more than fifty nine (59) days from the invoice date. The Purchase Price shall be paid out to Sellers as follows: 75 % at Closing and the remaining 25 % at 60 days after Closing. For purposes of this Section 2.3, the term "Billed Revenues" shall exclude any discounts, credits, chargebacks, non-recurring charges, pass-through charges, finance charges, taxes, regulatory assessments, USF, PICC, federal, state and local taxes/surcharges, LNP, SLC, 911 charges, TRS and other similar or related amounts.

2.4 Expenses of Sale. Sellers and Buyer shall each bear its own direct and indirect costs, charges, expenses, and fees incurred in connection with the negotiation and preparation of this Agreement and the other Transaction Documents, and the consummation and performance of the transactions contemplated hereby (including without limitation obtaining all necessary approvals from Governmental Authorities) and without any liability on the part of the other party or its Representatives. The provisions of this Section 2.4 shall survive the Closing.

2.5 Deposit. Upon execution and delivery of this Agreement, Buyer shall pay Sellers in cash a refundable deposit in an amount equal to (the "Deposit"). The Deposit shall be applied to payment of the Purchase Price at Closing. Sellers shall be entitled to retain the Deposit unless the Agreement is validly terminated pursuant to Sections 11.1 or 11.2(a), (b) or (d).

2.6 Subscriber Services. Contemporaneously with the execution and delivery of this Agreement, Sellers and Buyer shall execute and deliver the Services Agreement.

2.7 USF Obligations. Buyer, as the successful bidder for the Purchased Assets, shall be responsible for and timely pay all universal service fund contribution obligations ("USF Obligations") relating to telecommunications services provided by Buyer post-Closing Date, including, without limitation, any and all USF obligations resulting from the true-up of telecommunications reporting worksheets ("Worksheets") submitted thereafter by Buyer relating to such telecommunications services provided post-Closing Date. Similarly, Sellers shall be responsible for and timely pay, to the extent permitted by the Bankruptcy Code, all undisputed USF Obligations relating to telecommunications services provided by Sellers pre-Closing Date, including, without limitation, any and all USF Obligations resulting from the true-up of Worksheets submitted by the Sellers or by Buyer relating to such telecommunications services provided pre-Closing Date. Both Sellers and Buyer shall timely comply with all reporting obligations required by the FCC and applicable federal regulations relating to telecommunications services provided by Buyer post-Closing Date. To the extent such reporting obligations require data relating to telecommunications services provided by Sellers pre-Closing

Date to be included, Sellers shall provide such data in the appropriate format to Buyer upon receipt of five (5) days advance written notice.

3. CLOSING

3.1 Time and Place of the Closing. Subject to the satisfaction of the conditions stated in Sections 8 and 9, the Closing shall occur on the fifth Business Day following the last to occur of the following: (i) the Court Order is entered and no stay of such order is in effect, (ii) the Federal Regulatory Approval and the State Regulatory Approvals have been granted, or (iii) such later date as Buyer and Sellers shall mutually consent to in writing. The Closing shall take place concurrently at the offices of Buyer's counsel and Sellers' counsel, with closing deliveries to be made by facsimile or electronic mail, where appropriate, with originals to follow via overnight courier. The Closing shall be effective as of 12:01 a.m. on the date immediately following the Closing Date. Notwithstanding the foregoing, if the Court Order has been entered and no stay of such order is in effect and the Federal Regulatory Approval has been granted, the Closing may occur, at Sellers' option, on the fifth Business day following the date on which State Regulatory Approvals shall have been obtained in at least 22 of the states in which Active Long Distance Customers are located. In such event, the Purchased Assets associated with Active Long Distance Customers located in the states where the State Regulatory Approvals have not yet been granted shall not be transferred on the Closing Date, but shall be transferred when such State Regulatory Approvals are granted.

3.2 Items to be Delivered by Sellers. At the Closing, Sellers will deliver to Buyer or Buyer shall otherwise receive:

- (a) executed Transaction Documents;
- (b) such other instruments of transfer as may be necessary, in Buyer's reasonable discretion, to transfer good title to the Purchased Assets to Buyer;
- (c) a certified copy of the Court Order; and
- (d) the Purchased Assets.

3.3 Items to be Delivered by Buyer. At the Closing, Buyer shall deliver to Sellers or Sellers shall otherwise receive:

- (a) the Purchase Price (less an amount equal to the Deposit and any interest earned thereon), payable by Buyer in immediately available funds;
- (b) executed Transaction Documents; and
- (c) a certificate of the Secretary of Buyer certifying as to (i) the resolutions of its Board of Directors authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer, and (ii) the incumbency of the officers of Buyer executing documents in connection with the Transaction Documents.

4. REPRESENTATIONS AND WARRANTIES OF SELLERS

As an inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Sellers represent and warrant to Buyer that the following statements are true and correct as of the date hereof and will be true and correct as of the Closing Date.

4.1 Authority. Adelphia Telecommunications Inc. is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and Adelphia Telecommunications of Florida Inc. is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and subject to the Court Order, Sellers have the full corporate power and authority to own, lease and operate its assets, properties and to enter into and perform their obligations under this Agreement. Subject to entry of the Court Order, the execution, delivery and performance of this Agreement by Sellers have been duly authorized by all necessary corporate action on the part of Sellers. Subject to entry of the Court Order, this Agreement has been duly and validly executed and delivered by Sellers and constitutes the legal, valid and binding obligation of Sellers, enforceable against the Sellers in accordance with its terms.

4.2 Title To Purchased Assets. On the Closing Date, upon entry of the Court Order, the Purchased Assets will be free and clear of all Encumbrances. On the Closing Date, upon entry of the Court Order, Sellers shall be entitled to convey good title to the Purchased Assets.

4.3 No Finder. Neither Sellers nor any Person acting on their behalf have paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement. Sellers shall indemnify and hold Buyer harmless from any such claim against Buyer from anyone claiming by, through or under Sellers arising from this transaction, which indemnification obligation shall survive Closing.

4.4 Best Efforts. Sellers shall use their best efforts to obtain the Court Order on or before August 1, 2005, unless, prior to entry of the Court Order, Sellers are presented with a higher and better offer for the Purchased Assets. For avoidance of doubt, nothing set forth in this Section 4.4 shall be deemed to conflict with Buyer's right to be refunded the Deposit as set forth in Section 2.5 if the Court Order is not entered.

5. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers that the following statements are true and correct as of the date hereof and will be true and correct as of the Closing Date.

5.1 Authority. Buyer is a corporation duly incorporated, validly existing and in full good standing under the laws of the State of Maine and has the corporate power and authority to own its assets and properties and to enter into and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement by Buyer have been duly authorized by all necessary corporate action on the part of Buyer. This Agreement has been duly and

validly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against it in accordance with its terms.

5.2 Litigation. There are no actions, suits or proceedings pending or, to the knowledge of Buyer, threatened against Buyer which if decided adversely to Buyer would restrain or prevent Buyer from consummating the transactions contemplated hereby.

5.3 Consents and Approvals. The execution and delivery of the Transaction Documents by Buyer does not, and the consummation by Buyer of the transactions contemplated thereby will not, require Buyer to obtain any consent, approval, authorization or other action by, or to file with or notify, any governmental or regulatory authority. In addition, as of the Closing Date, Buyer is duly licensed and/or registered as a provider of regulated telecommunications services and is in good standing to so provide such regulated telecommunications services in each of the jurisdictions in which Subscribers are located except as set forth in Schedule 5.3.

5.4 Brokers. Buyer has not incurred any liability for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation in connection with this Agreement and the transactions contemplated hereby for which Sellers would be responsible.

5.5 No Collusive Bidding. Buyer has not made any arrangement or agreement, express or implied, to sell all or substantially all of the Purchased Assets or a controlling interest in Buyer after or in conjunction with the purchase transaction contemplated hereby, and Buyer is aware of no offer or arrangements regarding any such transaction.

5.6 Good Faith Purchaser. Buyer has no knowledge of any facts or information that would, in its reasonable judgment, cause it to be disqualified as a "good faith" purchaser pursuant to Section 363(m) of the Bankruptcy Code.

6. LIMITATIONS; DUE DILIGENCE

6.1 Limitation on Representations and Warranties. Buyer hereby acknowledges that it is purchasing the Purchased Assets on an "as is, where is" basis without any representation or warranty of any kind from Sellers, except as specifically set forth in Section 4 hereof. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 4 HEREOF, SELLERS DISCLAIM ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE PURCHASED ASSETS, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY REGARDING THE VALUE OF THE SUBSCRIBERS AND RECEIVABLES TRANSFERRED TO BUYER HEREUNDER, THE ACCURACY AND COMPLETENESS OF ANY SUBSCRIBER INFORMATION DATABASE, OR ANY OTHER MATTER RELATING TO THE PURCHASED ASSETS.

6.2 Due Diligence. Buyer hereby acknowledges that it and its Representatives have been given a sufficient opportunity to perform such due diligence investigation of the Sellers, the Business, the Purchased Assets and the Assumed Liabilities as Buyer has required. Notwithstanding any such due diligence or any other provision of this Agreement, Buyer acknowledges that it has not received and is not relying upon any representation or warranty, expressed or implied, by operation of law or otherwise, as to the accuracy or completeness of any

information regarding Sellers, the Purchased Assets, the Assumed Liabilities or the Business so furnished or made available to Buyer or its Representatives. Buyer acknowledges that it is a sophisticated buyer with respect to the Business, the Purchased Assets and the Assumed Liabilities and has independently and without reliance upon Sellers or any of its Representatives and based on such information as such Buyer has deemed appropriate in its independent judgment made its own analysis and decision to enter into this Agreement.

7. COVENANTS OF SELLERS

Sellers covenant and agree with Buyer as follows:

7.1 Governmental Approvals. During the period from the execution date of this Agreement to the Closing Date, except as otherwise consented to by Buyer in writing, Sellers will use commercially reasonable efforts to obtain the Court Order, the State Regulatory Approvals, the Federal Regulatory Approval and any other consent, approval, authorization or other action by any Governmental Authority or other Person required to be obtained by Sellers to enable Sellers to consummate the transactions contemplated by this Agreement (the "Seller Required Consents"). Sellers further agree to render reasonable assistance to Buyer with respect to any actions required by Governmental Authorities in connection with or pursuant to the State Regulatory Approvals and Federal Regulatory Approvals, including without limitation providing Subscribers with appropriate notice of their transfer to Buyer as contemplated herein.

8. COVENANTS OF BUYER

Buyer covenants and agrees with Sellers as follows:

8.1 Governmental Approvals. During the period from the execution date of this Agreement to the Closing Date, except as otherwise consented to by Sellers in writing, Buyer will use commercially reasonable efforts to obtain the Federal Regulatory Approval and the State Regulatory Approvals and any other consent, approval, authorization or other action by any Governmental Authority or other Person required to be obtained by Buyer to enable Buyer to consummate the transactions contemplated by this Agreement (the "Buyer Required Consents"). Buyer will render reasonable assistance to Sellers in connection with the Court Order. Buyer further agrees to render reasonable assistance to Sellers with respect to any actions required by Governmental Authorities in connection with or pursuant to the State Regulatory Approvals and Federal Regulatory Approvals, including without limitation providing Subscribers with appropriate notice of their transfer to Buyer as contemplated herein.

8.2 Confidentiality. Except as permitted by this Section, Buyer shall, and shall cause its Representatives to, keep confidential and not use or disclose in any manner or to any Person any Confidential Information, whether received prior to, on or after the date hereof, except that Buyer may disclose Confidential Information as follows: (a) to those of Buyer's Representatives who need to know such information for purposes of due diligence regarding the transactions contemplated by the Transaction Documents; provided that such Representatives shall keep such Confidential Information confidential to the same extent as Buyer under this Section 8.2, and Buyer shall be responsible for any breaches of this Section 8.2 by its Representatives; and (b) to the extent such disclosure is required by law or in any legal proceeding, arbitration or

governmental investigation; provided that Buyer shall have furnished to Sellers, as far in advance of the proposed disclosure of such Confidential Information as is practical under the circumstances and in all instances no less than three (3) business days, prior written notice of the proposed disclosure; or (c) after the Closing, Confidential Information concerning the Purchased Assets and Assumed Liabilities for the purpose of operating the Business. Prior to the Closing, Buyer shall use the Confidential Information solely for the purposes of preparing to consummate the transactions contemplated hereby and shall not use any Confidential Information for any other purpose without the written consent of Sellers. If the Closing does not take place for any reason, Buyer shall immediately return all Confidential Information (and all copies thereof) to Sellers and shall not use or disclose any of the Confidential Information or retain any copies thereof.

8.3 Subscriber Notification. Notwithstanding Sellers' covenant to assist Buyer in complying with the requirements of Governmental Authorities under Section 7.1 and the responsibilities for expenses under Section 2.4, Buyer shall bear all expenses and reimburse Sellers for any costs incurred in notifying Subscribers that they are to be transferred from Sellers to Buyer. The content and form of such notice shall be mutually agreed upon by the parties and shall comply with all rules and regulations of any applicable Governmental Authority concerning such notice.

8.4 Assumed Liabilities. After the Closing, Buyer shall pay, perform and discharge, or cause to be paid, performed and discharged, promptly when due, all of the Assumed Liabilities. The provisions of this Section 8.4 shall survive the Closing.

8.5 Publicity. Prior to entry of the Court Order and except pursuant to Section 8.3, Buyer shall not, without Sellers' written consent, issue any press release, announcement or other public statement concerning this Agreement or the transactions contemplated hereby.

9. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

The obligation of Buyer to close the transactions contemplated by this Agreement is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived in writing by the Buyer:

9.1 No Misrepresentation or Breach of Covenants and Warranties. There shall have been no material breach by Sellers in the performance of any of their covenants and agreements herein which breach shall not have been cured; each of the representations and warranties of Sellers contained or referred to herein shall be true and correct in all material respects on the Closing Date as though made on the Closing Date.

9.2 Necessary Governmental and Third Party Approvals. The Federal Regulatory Approval shall have been obtained and State Regulatory approvals shall have been obtained in at least 22 of the states in which the Active Long Distance Customers are located.

9.3 Chapter 11 Case in Effect. The Chapter 11 Case shall not have been dismissed or converted into a case under Chapter 7 of the Bankruptcy Code and Sellers, Buyer or any other

Person shall not have filed a motion or other pleadings seeking the dismissal of the Chapter 11 Case under Section 1112 of the Bankruptcy Code or otherwise.

9.4 Court Order in Effect. The Court Order shall have been entered and not subject to any stay, modification, reversal or vacation.

9.5 Due Authorization. Subject to the entry of the Court Order, the execution and delivery of this Agreement and all other agreements and instruments contemplated hereby or related hereto to be executed and delivered by Sellers, and the consummation of the transactions contemplated hereby and thereby, will have been duly and validly authorized and approved by all necessary corporate action. Subject to entry of the Court Order, this Agreement will have been duly executed and delivered by Sellers.

9.6 Telecommunications Regulatory Matters. Except as set forth in Schedule 9.6(i), one of the Sellers will have been duly licensed and/or registered as a provider of regulated telecommunications services and be in good standing to so provide such regulated telecommunications services in each of the jurisdictions set forth in Schedule 9.6(i) hereto, in which jurisdictions the nature of the business to be conducted by Buyer after the Closing Date makes such licensing or registration of Buyer necessary. Schedule 9.6(ii) hereto sets forth a list of all filings and regulatory approvals required to be obtained under applicable law to enable Buyer to purchase the Purchased Assets and consummate the transaction contemplated by this Agreement, other than such filings and regulatory approvals that pertain solely to Buyer's authorization to operate the Purchased Assets after the Closing Date (*i.e.*, applications for certificates of public convenience and necessity or similar authorizations).

Unless expressly covenanted, warranted or represented elsewhere in this Agreement, the conditions stated in this Section 9.1 are not covenants, warranties or representations.

10. CONDITIONS PRECEDENT TO SELLERS' OBLIGATIONS

The obligation of Sellers to close the transactions contemplated by this Agreement is subject to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived in writing by the Sellers:

10.1 Representations and Covenants. The representations and warranties of Buyer contained in this Agreement shall be true and correct on and as of the Closing Date, and Buyer shall have in all material respects performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by Buyer on or prior to the Closing Date.

10.2 Governmental Approvals. The Federal Regulatory Approval and the State Regulatory Approvals shall have been obtained.

10.3 Bankruptcy. The Court Order shall have been entered.

10.4 Consents. All other Seller Required Consents shall have been obtained.

10.5 Closing Documents. Buyer shall be prepared to pay the Purchase Price and deliver the closing documents listed in Section 3.3.

11. TERMINATION

11.1 Termination by Buyer. This Agreement may be terminated prior to the Closing by Buyer as follows:

(a) if the Bankruptcy Court has entered an order approving the sale of the Purchased Assets to another party;

(b) if, because the conditions set forth in Section 9 have not been satisfied through no fault of Buyer or such conditions have not been waived by Buyer, the Closing has not occurred on or before November 30, 2005; provided that the Buyer shall have given the Sellers 48 hours advance written notice of such termination and an opportunity to satisfy any conditions set forth in Section 9 that have not been satisfied.

(c) if the Court Order has not been issued on or before September 1, 2005 in accordance with Section 2.5 above; or

(d) in the event of any material breach by Sellers of any of Sellers' agreements, representations or warranties contained herein and the failure of Sellers to cure such breach within 15 days after receipt of notice from Buyer requesting such breach to be cured.

11.2 Termination by Sellers. This Agreement may be terminated prior to the Closing by Sellers as follows:

(a) if the Bankruptcy Court has not entered the Court Order on or prior to September 30, 2005;

(b) if Sellers receive, after the execution of this Agreement, but prior to or at the hearing on the motion for approval of the Court Order, an offer from a third party to acquire the Purchased Assets and, in the sole and exclusive discretion of the Sellers such proposed transaction represents a higher or otherwise better offer than that of Buyer hereunder;

(c) if Buyer has breached any representation, warranty, covenant or agreement contained in this Agreement or the Services Agreement, and, if such breach is capable of cure, Buyer fails to cure such breach within ten (10) days after receipt of written notice of intent to terminate from Sellers; or

(d) if, because the conditions set forth in Section 10 have not been satisfied through no fault of Sellers or such conditions have not been waived by Sellers, the Closing has not occurred on or before November 30, 2005; provided that the Sellers shall have given Buyer 48 hours advance written notice of such termination and an opportunity to satisfy any conditions set forth in Section 10 that have not been satisfied.

11.3 Effect of Termination. If this Agreement is validly terminated pursuant to Section 11.1 or 11.2, this Agreement will forthwith become null and void, and there will be no

liability or obligation on the part of Sellers or Buyer (or any of their respective Representatives), except that the confidentiality obligations in Section 8.2 will continue to apply following any such termination and, if terminated pursuant to 11.1 or 11.2(a), (b) or (d), Buyer shall be entitled to return, in full, of the Deposit.

12. SURVIVAL; INDEMNIFICATION

12.1 Survival of Representations, Etc. The representations and warranties of Sellers contained in Section 4 shall terminate and be of no further force and effect as of the Closing. Buyer's sole remedy for breach of such representation and warranty shall be to refuse to close this Agreement and immediate return, in full, of the Deposit. The representations and warranties of Buyer contained in Section 5 shall terminate and be of no further force and effect as of one year after the Closing.

12.2 Mutual Indemnifications. Buyer, on the one hand, and Sellers on the other hand, shall indemnify and defend each other, and any of their directors, officers, employees and agents, and hold them harmless from and against all Losses they incur by reason of or arising out of or in connection with: (a) any breach by them of the representations and warranties contained in this Agreement or any of the Transaction Documents, (b) their failure to fulfill any of their covenants or other agreements contained in this Agreement or any of the Transaction Documents, (c) any claim or demand of any third party against them with regard to Sellers' ownership, management or conduct of the Business or the Purchased Assets before the Closing or Buyer's ownership, management or conduct of the Business or the Purchased Assets on or after the Closing, as the case may be.

12.3 Indemnification Procedures.

(a) Claim Notice. Any claim for indemnification under Section 12.2 must be made in writing and delivered as a notice within a reasonable period from when the party against whom indemnification is being sought (the "Indemnifying Party") receives notice of such claim from the party seeking indemnification (the "Indemnified Party") specifying in reasonable detail the nature and estimated amount of the claim (the "Claim Notice").

(b) Third-Party Claims. If the claim specified in the Claim Notice relates to a third-party claim, the Indemnifying Party shall have 15 days after its receipt of the Claim Notice to notify the Indemnified Party whether the Indemnifying Party agrees that the claim is subject to indemnification pursuant to Section 12.2, and whether the Indemnifying Party has elected to defend such third-party claim at its own expense. If the claim relates to a third-party claim that the Indemnifying Party elects to defend, Indemnified Party shall reasonably cooperate with such defense, provided that Indemnified Party shall be entitled to participate in the defense or settlement of such third-party claim through its own counsel and at its own expense and shall be entitled to approve or disapprove any proposed settlement that would impose any duty or obligation on Indemnified Party. If the Indemnifying Party does not timely elect to defend a third-party claim, or if the Indemnifying Party fails to conduct such defense with reasonable diligence, Indemnified Party may conduct the defense of, or settle, such claim at the risk and expense of the Indemnifying Party.

(c) Claims Other Than Third-Party Claims. If the claim does not relate to a third-party claim, the Indemnifying Party shall have 30 days after receipt of the Claim Notice to notify Indemnified Party in writing whether the Indemnifying Party accepts liability for all or any part of the claim and the method and timing of any proposed payment. If the Indemnifying Party does not so notify Indemnified Party, the Indemnifying Party shall be deemed to have accepted liability for all Losses described in the Claim Notice.

13. MISCELLANEOUS

13.1 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, by commercial courier service, or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, one Business Day after deposit with the commercial courier, or five days after the date of mailing, as follows:

(a) if to Sellers to:

Adelphia Communications Corporation
5619 DTC Parkway
Englewood, CO 80111
Attention: Chief Financial Officer, General Counsel,
Vice President

with a copy to:

Davis Wright Tremaine LLP
2600 Century Square
1501 Fourth Avenue
Seattle, Washington 98101-1688
Attention: Daniel Waggoner

-and-

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10024
Attention: Shelley C. Chapman

(b) if to Buyer to:

Telecom Management, Inc.
583 Warren Avenue
Portland, Maine 33815
Attention: Sue Bouchard

with a copy to:

Nowalsky, Bronson & Gothard APLLC
3500 North Causeway Blvd., Suite 1442
Metairie, LA 70002
Attention: Leon Nowalsky

13.2 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto), the other Transaction Documents, the Court Order and such other orders entered by the Bankruptcy Court in the Chapter 11 Case modifying any of the foregoing contain the entire agreement among the parties with respect to the purchase of the Purchased Assets and assumption of the Assumed Liabilities and related transactions and supersede all prior agreements and understandings, written or oral, with respect thereto.

13.3 Waivers and Amendments. This Agreement may be amended, modified, superseded or cancelled and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies which any party may otherwise have at law or in equity.

13.4 Governing Law and Exclusive Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without regard to principles of conflicts of laws). The parties agree that subject to any other limitations expressly set forth in this Agreement, the parties shall have the right to have the provisions of this agreement specifically enforced and to obtain injunctive and other equitable relief to enforce such provisions. Each party submits to the exclusive venue and jurisdiction of the state and federal courts sitting the State of New York, and each party waives any jurisdictional, venue, or inconvenient forum objections to such courts.

13.5 Severability. Each provision of this Agreement shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses herein. If one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad, as to scope, activity or subject matter so as to be unenforceable, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them so as to be enforceable to the maximum extent under applicable law.

13.6 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns; provided, however, that no party may assign any of its rights or obligations hereunder without the prior written consent of the other party hereto.

13.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.


13.8 Exhibits and Schedules. The Exhibits and Schedules to this Agreement are hereby made a part of this Agreement as if set forth in full herein.

13.9 Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

TELECOM MANAGEMENT, INC.

By 
Sue Bouchard
President

ADELPHIA TELECOMMUNICATIONS, INC.

By _____
Murray G. Flanigan
Vice President, Corporate Development

ADELPHIA TELECOMMUNICATIONS OF
FLORIDA, INC.

By _____
Murray G. Flanigan
Vice President, Corporate Development

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

TELECOM MANAGEMENT, INC.

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Sue Bouchard
President

ADELPHIA TELECOMMUNICATIONS, INC.

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Murray G. Flanigan
Vice President, Corporate Development

ADELPHIA TELECOMMUNICATIONS OF
FLORIDA, INC.

By _____
Murray G. Flanigan
Vice President, Corporate Development

SCHEDULES & EXHIBITS

Schedule 1 – Excluded Assets

Schedule 2.1 – Purchased Assets

Schedule 2.2 – Assumed Liabilities

Schedule 5.3

Schedule 9.6(i)

Schedule 9.6(ii)

Exhibit A – Instruments of Transfer

Exhibit B – Court Order

Exhibit C – Services Agreement

SCHEDULE 1
EXCLUDED ASSETS

In addition to the assets excluded in the definition of "Excluded Assets" in Section 1, the following assets of Sellers are specifically excluded from the Purchased Assets:

(a) any receivables, work-in-progress, claims and other rights to payment of Sellers from Subscribers for cable television service;

(b) any receivables, work-in-progress, claims and other rights to payment of Sellers from Subscribers for Internet-related services; and

(c) any receivables, work-in-progress, claims and other rights to payment of Sellers from any Affiliates of Sellers.

SCHEDULE 2.1
PURCHASED ASSETS

All of Sellers' rights in, to and under the following:

- (a) all Subscriber accounts and a copy of the information identified in the electronic file to be provided by Seller to Buyer prior to Closing titled "Adelphia Comprehensive LD Subscriber Accounts"; and
- (b) the Receivables.

SCHEDULE 2.2
ASSUMED LIABILITIES

With respect to the Business, the following liabilities:

All obligations of Sellers to deliver Telecommunications Services to Subscribers after the Closing Date for which such Subscribers prepaid prior to the Closing Date.

SCHEDULE 5.3

State	CPCN/Docket Numbers	Date Approved	Status
Connecticut			Application for certification currently pending.

SCHEDULE 9.6(i)

CERTIFICATIONS

State	CPCN/Docket Numbers	Date Approved	Status
Alabama	Docket No. 27199	11/2/99	6/14/05 letter canceling CPCN; reinstatement requested by letter sent 6/22/05.
Arizona	Docket No. T-03828A-05-0353		ACC received withdrawal letter on 5/16/05; public notice was made in every Arizona county on 5/27/05. Requested suspension of cancellation by letter sent 6/17/05.
California	Decision #99-09045 Application #99-08-006	5/22/01	
Colorado			No certification required because toll reseller only.
Connecticut	Docket No. 99-07-08	11/17/99	The PUC received letter 5/16/05
Florida	CPCN TX180 #5236 Docket 050377-TI (assigned with reference to cancellation)		Received acknowledgment of cancellation 6/1/05, effective 8/25/05. In process of reversing cancellation.
Georgia	Certificate No. L0130		Letter sent 5/12/05 to Georgia Public Service Commission requesting CPCN cancellation.
Idaho			No record of certification.
Indiana	CTA-9908-4	8/13/99	
Kentucky	Utility No. 5137700		PUC received withdrawal letter 5/16/05 stating long distance services to be discontinued on 7/28/05.
Maine	Docket No. 99-473	9/7/99	
Maryland			PSC sent letter 6/8/05 rescinding operating authority, effective 7/28/05. On 6/21/05, suspension of effective date of cancellation requested.
Massachusetts			Tariff discarded as result of cancellation request; will need to refile for tariff post-sale.
Michigan	No. U 11900		
Mississippi	Docket 1999-UA-509		The PSC received letter 5/17/05 and issued an order canceling CPCN on 5/26/05, cancellation effective 9/8/05.
New Hampshire	Certification 21797	7/9/97	
New Jersey			No record of certification.
New York	Case No. 97 C0078 (transfer from Hyperion)		

State	CPCN/Docket Numbers	Date Approved	Status
North Carolina	Long-Distance Certificate P-648	4/22/98	
Ohio			No record of certification.
Pennsylvania	Docket No. A-310568	3/19/98	
South Carolina	Order No. 98-82 authorized CPCN	2/4/98	Cancellation of tariffs order entered on 5/31/2005, effective 8/25/05.
Tennessee			No record of certification.
Vermont	C.P.G. #361	7/21/98	
Virginia	Docket # 99-0965-T-CN	10/27/99	
Washington	Docket # 9909059	7/28/99	
West Virginia	Commission Case No. 99-0965-T-CN	11/16/99	On 5/26/05, approval of revocation was granted. As of 6/7/05, the PSC has put the cancellation on hold. (Assigned Case No. 05-0712-T-X with regard to the cancellation proceedings)

SCHEDULE 9.6(ii)
FILING REQUIREMENTS

STATE	Filing Required
Alabama	Application required.
Arizona	Application required.
California	Advice letters required.
Colorado	Notification of transaction required.
Connecticut	Notification of transaction required.
Florida	Notification of transaction required. Slamming waiver required
Georgia	Application required.
Idaho	Notification of transaction required.
Indiana	Verified Notice of transaction required.
Kentucky	Notification of transaction and tariff adoption required.
Maine	Notification of transaction required.
Maryland	Application required.
Massachusetts	Notification of transaction required.
Michigan	Notification of transaction required.
Mississippi	Application required.
New Hampshire	Notification of transaction required.
New Jersey	Notification of transaction required.
New York	Application required.
North Carolina	Notification of transaction required.
Ohio	Application required.
Pennsylvania	Application required.
South Carolina	Application required.
Tennessee	Application required.
Vermont	Application required.
Virginia	Not regulated. No filing required.
Washington	Notice and request waiver of slamming rules.
West Virginia	Application required.
FCC 214 Domestic	Application required.
FCC 214 International	Application required.
FCC Slamming Cert.	Self certification filing with customer notice required.

EXHIBIT A
INSTRUMENTS OF TRANSFER

EXHIBIT B
COURT ORDER

EXHIBIT C
SERVICES AGREEMENT

EXHIBIT "B"

BANKRUPTCY COURT ORDER

WILLKIE FARR & GALLAGHER LLP
Attorneys for Debtors and Debtors in Possession
Shelley C. Chapman (SC-4691)
Jaime K. Abrams (JA-4242)
Brian P. Guiney (BG-1968)
787 Seventh Avenue
New York, New York 10019-6099
(212) 728-8000

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Hearing Date: July 26, 2005 @ 9 45 a.m.
Objection Deadline July 21, 2005 @ 4 00 p.m.

In re)	Chapter 11 Cases
Adelphia Communications Corporation, <u>et al.</u> ,)	Case No. 02-41729 (REG)
Debtors.)	Jointly Administered

**NOTICE OF MOTION FOR AN ORDER PURSUANT TO SECTIONS 105 AND 363 OF
THE BANKRUPTCY CODE AND RULES 2002, 6004 AND 9014 OF THE FEDERAL
RULES OF BANKRUPTCY PROCEDURE SEEKING APPROVAL OF THE SALE OF
DEBTORS' LONG DISTANCE BUSINESS TO
TELECOM MANAGEMENT INC. D/B/A PIONEER TELEPHONE**

PLEASE TAKE NOTICE that a hearing (the "Hearing") will be held before the Honorable Robert E. Gerber, United States Bankruptcy Judge, on July 26, 2005, 9:45 a.m., or as soon thereafter as counsel may be heard, in Courtroom 621, United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), One Bowling Green, New York, New York 10004, to consider the annexed motion (the "Motion") of the above-captioned debtors and debtors in possession (the "Debtors"), for an order pursuant to 11 U.S.C. §§ 105 and 363 of title 11 of the United States Code (the "Bankruptcy Code") and rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing and approving the sale of the Debtors' long distance telephone business ("Adelphia Long Distance") to Telecom

Management Inc. d/b/a Pioneer Telephone ("Buyer"), pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement"), free and clear of liens, claims, encumbrances and interests.

PLEASE TAKE FURTHER NOTICE that you need not appear at the Hearing if you do not object to the relief requested in the Motion.

PLEASE TAKE FURTHER NOTICE that the Hearing may be continued or adjourned from time to time without further notice other than an announcement of the adjourned date or dates at the Hearing or at a later hearing.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Motion, must: (i) be made in writing; (ii) state with particularity the grounds therefore; (iii) be filed with the Bankruptcy Court (with a copy to chambers); (iv) be served upon the undersigned (Attn: Shelley C. Chapman, Esq.); together with proof of service thereof, so as to be received no later than July 21, 2005 at 4:00 p.m.

PLEASE TAKE FURTHER NOTICE that unless objections are received by that time, the relief may be granted as requested in the Motion.

Dated: June __, 2005

WILLKIE FARR & GALLAGHER LLP
Attorneys for the Debtors and
Debtors in Possession

By: _____
Shelley C. Chapman (SC-4691)
Jaime K. Abrams (JK-4242)
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Hearing Date: July 26, 2005 @ 9.45 a m
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Adelphia Communications Corporation, <u>et al.</u> ,)	Case No. 02-41729 (REG)
Debtors.)	Jointly Administered

**MOTION FOR AN ORDER PURSUANT TO SECTIONS 105 AND 363 OF THE
BANKRUPTCY CODE AND RULES 2002, 6004 AND 9014 OF THE FEDERAL RULES
OF BANKRUPTCY PROCEDURE SEEKING APPROVAL OF THE SALE OF
DEBTORS' LONG DISTANCE BUSINESS TO
TELECOM MANAGEMENT INC. D/B/A PIONEER TELEPHONE**

The above-captioned debtors and debtors in possession (collectively, the "Debtors"), by their attorneys, respectfully state as follows:

INTRODUCTION

1. The Debtors currently operate a long distance telephone business that provides service to approximately 110,000 subscribers ("Adelphia Long Distance"). Recently, the Debtors determined that continued operation of Adelphia Long Distance was not in the best interests of the Debtors or their creditors. Accordingly, the Debtors filed a motion seeking the authority of this Court to wind down and terminate Adelphia Long Distance (the "Termination Motion"). Subsequent to the filing of the Termination Motion, however, the Debtors were contacted by several parties interested in purchasing this business segment. Having selected the offer made by Telecom Management, Inc. d/b/a Pioneer Telephone (the "Buyer") as the highest

and best offer for the business, the Debtors hereby seek authority from this court to sell Adelphia Long Distance to the Buyer.

BACKGROUND

2. Adelphia Long Distance is a reseller provider of long distance services offering Adelphia-branded domestic long distance and international long distance services to approximately 110,000 customers in twenty-seven states throughout the United States. Customer charges are entirely usage-based (approximately \$0.075 per minute for domestic calling) with no minimum charges or monthly service fees.

3. Customer service is provided by Adelphia Long Distance through a team of approximately 25 full-time employees. Adelphia Long Distance had revenue in 2004 of approximately \$8.6 million and earnings before interest, taxes, depreciation, amortization, reorganization expenses and corporate allocations of approximately \$1.0 million.

4. On April 20, 2005, the Debtors entered into an agreement with Time Warner NY Cable LLC ("Time Warner") in conjunction with Comcast Corporation ("Comcast" and together with Time Warner, "TW-C") to sell substantially all of the Debtors' assets to TW-C pursuant to a plan of reorganization (the "TW-C Transaction"). The agreement was the result of an extended bidding process, as well as extensive negotiations between the Debtors and TW-C. The TW-C Transaction is the centerpiece of the Debtors' plan for emergence from bankruptcy and necessarily commands significant time and attention from members of the Debtors' senior management.

5. Adelphia Long Distance is not an asset included in the TW-C Transaction. Continued operation of Adelphia Long Distance would thus be a distraction to management and would divert attention (in regulatory, legal, tax, accounting and customer care areas) that would

be better focused elsewhere as the Debtors work to finalize the TW-C Transaction and their plan of reorganization. Moreover, concurrent with the Debtors' efforts to finalize the sale of Adelphia Long Distance to the Buyer, the Debtors have also been engaged in finalizing and filing their Second Amended Disclosure Statement and Second Amended Plan of Reorganization (each of which were filed on June 25, 2005). Given demands such as these, the Debtors believe that they will not be able to support Adelphia Long Distance effectively throughout the reorganization process and subsequent to the consummation of the TW-C Transaction.

6. As set forth above, the Termination Motion was filed on May 23, 2005 and sought the authority of this Court to wind down and terminate Adelphia Long Distance. As more fully set forth in the Termination Motion, the Debtors contacted eleven parties throughout the first two quarters of 2005 in connection with efforts to sell Adelphia Long Distance as a going concern. The Debtors did not receive any bids for Adelphia Long Distance in connection with this original solicitation process, and, accordingly, concluded that their only viable option with respect to Adelphia Long Distance was to wind down the business.

7. Subsequent to the filing of the Termination Motion, however, the Debtors received additional indications of interest that had not been submitted during the original solicitation process. The Debtors engaged in preliminary discussions with the bidders that had submitted the most attractive initial indications of interest, and, after carefully evaluating and scrutinizing these indications of interest, the Debtors preliminarily concluded, in an exercise of their business judgment, that the offer made by the Buyer for Adelphia Long Distance was the highest and best offer. Upon reaching this conclusion, the Debtors pursued negotiations with the Buyer, which negotiations ultimately resulted in the parties agreeing to the principal terms and salient provisions of an asset purchase agreement (the "Asset Purchase Agreement").

8. The terms of the Asset Purchase Agreement provide that the Debtors shall sell, transfer, convey, assign and deliver to Buyer, and Buyer will purchase and pay for, all of the Debtors' right, title and interest in the Subscriber¹ accounts, the information contained in the Subscriber database, and the Receivables (collectively, the "Purchased Assets"). Such sale shall be free and clear of all liens, claims, encumbrances and interests. As set forth in the Asset Purchase Agreement, the aggregate purchase price for the Purchased Assets shall be equal to (i) \$80,000.00 plus (ii) two times the average monthly long distance service usage amounts billed by the Debtors to Subscribers for the three full calendar months prior to entry of the Court Order (the "Billed Revenues"). The Billed Revenues shall be reduced by the amount of billings to Subscribers whose bills, as of the end of the last full month prior to entry of the Court Order, include amounts overdue more than fifty nine (59) days after the date listed on the invoice. Thus, the total purchase price to be paid as consideration by the Buyer for the Purchased Assets is estimated at \$1,180,000.00, subject to reduction as set forth above (the "Purchase Price").

9. Consistent with their fiduciary duty to all of their creditors, the Debtors acknowledge that the proposed sale of Adelphia Long Distance as contemplated by the Asset Purchase Agreement remains subject to higher and or otherwise better offers. Pursuant to section 11.2(b) of the Asset Purchase Agreement, the Debtors may terminate the Asset Purchase Agreement if the Debtors receive an offer to purchase Adelphia Long Distance that represents, in their sole discretion, a higher or otherwise better offer than the offer made by the Buyer. Pursuant to Section 2.5 of the Asset Purchase Agreement, upon a sale of Adelphia Long Distance to a party other than the Buyer, the Buyer will be entitled to recoup the \$110,000 deposit paid to the Debtors upon execution of the Asset Purchase Agreement.

¹ Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Asset Purchase Agreement

JURISDICTION

10. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for the relief sought herein are sections 105 and 363 of title 11 of the United States Code (the “Bankruptcy Code”) and rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”)

RELIEF REQUESTED

11. By this motion (the “Motion”), the Debtors seek entry of order, substantially in the form annexed hereto as Exhibit A, pursuant to 11 U.S.C. §§ 105 and 363 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 9014 authorizing and approving the sale of Adelphia Long Distance to the Buyer pursuant to the Asset Purchase Agreement, substantially in the form annexed hereto as Exhibit B, free and clear of liens, claims, encumbrances and interests (the “Encumbrances”).² Moreover, by this Motion, the Debtors seek to withdraw the Termination Motion effective as of the Closing.

RELEVANT AUTHORITY

The Proposed Sale

12. The Debtors submit that ample authority exists for the approval of the proposed sale of Adelphia Long Distance. Section 363(b)(1) of the Bankruptcy Code provides,

²

The Asset Purchase Agreement defines an “Encumbrance” as: “any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, cure claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, order, proxy, option, right of first refusal, preemptive right, community property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset) and any other right of a third party ”

in pertinent part, that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). To sell property under section 363(b), the Debtors must demonstrate to the Court a legitimate business justification for the proposed action. See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983). “Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). When a valid business justification exists, the law vests the debtor’s decision to use property out of the ordinary course of business with a strong presumption that “in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” In re Integrated Res., Inc., 147 B.R. at 656 (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)).

13. A chapter 11 debtor may sell substantially all of its assets pursuant to section 363(b) prior to confirmation of a chapter 11 plan, provided the court finds a good business reason to grant such relief. See In re Lionel Corp., 722 F.2d at 1069, 1071 (in considering sale outside plan of reorganization, judge must not be shackled with unnecessarily rigid rules when exercising broad administrative power granted him under Bankruptcy Code, but must simply find “a good business reason” supporting sale); see also Official Comm. of Unsecured Creditors of LTV Aerospace & Defense Co. v. LTV Corp. (In re Chateaugay Corp.), 973 F.2d 141, 144 (2d Cir. 1992) (upheld debtor’s sale of subsidiary because “good business reason” existed supporting sale).

14. The Debtors submit that the decision to sell Adelphia Long Distance is based upon sound business judgment and should be approved. Since the commencement of these cases, the Debtors have engaged in a process to identify and exit non-core lines of business. In this regard, the Debtors have concluded that Adelphia Long Distance is not critical to their reorganization. Moreover, as noted above, Adelphia Long Distance is not among the Debtors' assets included in the TW-C Transaction. Accordingly, the Debtors have determined that the sale of Adelphia Long Distance at this time is in the best interests of the Debtors and their estates and creditors, as they believe it will provide a greater return to stakeholders than winding down Adelphia Long Distance, including the asset in the reorganization, or any other administration of the business.

15. The Debtors submit that the proposed sale to the Buyer results in a better financial result for the Debtors and their constituents than the decision to exit the long distance telephone business. The Debtors' original strategy, to exit the business via the Termination Motion, was intended as a cost-saving measure for the Debtors and their estates. As set forth in the Termination Motion, the cost to the Debtors of winding down Adelphia Long Distance was estimated at approximately \$700,000.00. Conversely, the Purchase Price as set forth in the Asset Purchase Agreement results in a payment to the Debtors estimated at \$1,180,000.00. Accordingly, entering into the Asset Purchase Agreement to sell the business results in a maximization of value to the Debtors and their creditors.

16. The Debtors further submit that the consideration to be paid by the Buyer is fair and reasonable. The Purchase Price was the subject of extensive negotiations between the Debtors and the Buyer and represents the highest offer after a thorough marketing process.

Accordingly, the Debtors submit that approval of the sale of Adelphia Long Distance to the Buyer is in the best interests of the Debtors and their estates and creditors.

Sale Of Adelphia Long Distance Free And Clear Of Encumbrances

17. Pursuant to the Asset Purchase Agreement, the Debtors seek to sell Adelphia Long Distance free and clear of Encumbrances (except such Encumbrances expressly assumed by the Buyer (the “Assumed Liabilities”). The Debtors submit that it is appropriate that Adelphia Long Distance be sold free and clear of Encumbrances pursuant to section 363(f) of the Bankruptcy Code, other than the Assumed Liabilities, and for any remaining liens, claims, encumbrances, or interests to attach to the net sale proceeds of Adelphia Long Distance. See Circus Time, Inc. v. Oxford Bank and Trust (In re Circus Time, Inc.), 5 B.R. 1, 8 (Bankr. D. Me 1979) (finding the Court’s power to sell property free and clear of liens has long been recognized). Section 363(f) of the Bankruptcy Code provides:

The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if—

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

18. To facilitate the sale of Adelphia Long Distance, the Debtors require authorization to sell Adelphia Long Distance free and clear of Encumbrances (except for the Assumed Liabilities), with any such Encumbrances to attach to the net proceeds of the sale with the same rights and priorities therein. See In re Riverside Inv. P'ship, 674 F.2d 634, 640 (7th Cir. 1982) ("Generally, in a 'free and clear' sale, the liens are impressed on the proceeds of the sale and discharged at the time of sale . . .") (citation omitted). Because section 363(f) is stated in the disjunctive, when selling property of the estate it is only necessary to meet one of the five conditions of that section. In re Dundee Equity Corp., No. 89-B-10233, 1992 WL 53743 at *4 (Bankr. S.D.N.Y. Mar. 6, 1992).

19. Each Encumbrance that does not constitute an Assumed Liability satisfies at least one of the five conditions of section 363(f), and the Debtors submit that any such valid Encumbrance will be adequately protected by attachment to the net proceeds of the sale, subject to any claims and defenses that the Debtors may possess with respect thereto. See In re Circus Time, Inc., 5 B.R. at 7. The Debtors are not aware of any valid Encumbrances on any property being sold under the Asset Purchase Agreement. As a result, the sale of Adelphia Long Distance satisfies section 363(f)(3) of the Bankruptcy Code. Moreover, the Debtors believe that each of the parties purportedly holding an Encumbrance on Adelphia Long Distance could be compelled to accept a monetary satisfaction of such interests, satisfying section 363(f)(5) of the Bankruptcy Code. Holders of Encumbrances that have not objected timely to this Motion may be deemed to have consented to the sale of Adelphia Long Distance, satisfying section 363(f)(2) of the Bankruptcy Code. Thus, the Debtors submit that the sale of Adelphia Long Distance free and clear of Encumbrances will satisfy the statutory prerequisites of section 363(f) of the Bankruptcy Code. Accordingly, the Debtors request that Adelphia Long Distance be transferred to the Buyer

free and clear of Encumbrances except for Assumed Liabilities, with such Encumbrances to attach to the net sale proceeds of Adelphia Long Distance.³

Good Faith Purchaser

20. Section 363(m) of the Bankruptcy Code states:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m).

21. Section 363(m) provides that a purchaser of property of the estate is protected from the effects of a reversal on appeal of the authorization to sell such property as long as the purchaser acted in good faith and the appellant failed to obtain a stay of the sale.

22. The Bankruptcy Code does not define “good faith,” but courts have adopted various definitions. A good faith purchaser is “one who buys property ... for value, without knowledge of adverse claims.” In re Mark Bell Furniture Warehouse, Inc., 992 F.2d 7, 8 (1st Cir. 1993). The requirement that a purchaser act in good faith speaks to the integrity of the purchaser’s conduct in the course of the sale proceedings. In re Abbotts Dairies, Inc., 788 F.2d 143, 147 (3d Cir. 1986).

23. The terms and conditions of the Asset Purchase Agreement were negotiated by the Debtors and the Buyer at arm’s length and in good faith. There is no evidence of fraud or collusion in the terms of the proposed sale. The Debtors and the Buyer are not related companies, and they do not share corporate officers or directors. Additionally, the terms of the Asset Purchase Agreement do not personally benefit any insider of the Debtors. Accordingly,

³ The net sale proceeds will be utilized and applied in accordance with this Court’s order, dated May 6, 2004, authorizing and approving a form of Second Amended and Restated Credit and Guaranty Agreement (the “Extended DIP Order”)

the Debtors request that the Court determine that the Buyer has acted in good faith and is entitled to the protections of a good faith purchaser under section 363(m) of the Bankruptcy Code.

Request for Relief Under Bankruptcy Rules 6004(g)

24. Bankruptcy Rule 6004(g) provides that an “order authorizing the use, sale, or lease of property is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(g). To facilitate the expeditious closing of the transaction, the Debtors request that any order approving the sale of Adelphia Long Distance be effective immediately upon entry of such order by providing that the ten-day stay shall not apply.

NOTICE

25. Notice of this Motion has been provided to: (i) the United States Trustee for the Southern District of New York; (ii) counsel for the Creditors’ Committee; (iii) counsel for the Equity Committee; (iv) counsel for the agents to the Debtors’ prepetition lenders; (v) counsel to the agents for the Debtors’ postpetition lenders; (vi) counsel for the Buyer; (vii) all parties who have previously expressed an interest in purchasing Adelphia Long Distance, and (viii) all parties who have filed notices of appearance requesting service of pleadings in these cases in accordance with Bankruptcy Rule 2002, as of the day prior to the date of such service. The Debtors submit that no other or further notice need be provided, except as otherwise proposed above.

26. In accordance with this Court’s Case Management Order No. 3, dated July, 26 2004, ¶ 24, the Debtors respectfully submit the requirement of Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York is deemed satisfied by the Motion itself.

27. No previous motion for the relief sought herein has been made to this or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request entry of an order, substantially in the form annexed hereto as Exhibit A, granting the relief requested herein and such other and further relief as this Court may deem just or proper.

Dated: June __, 2005

WILLKIE FARR & GALLAGHER LLP
Attorneys for the Debtors and
Debtors in Possession

By: _____
Shelley C. Chapman (SC-4691)
Jaime K. Abrams (JK-4242)
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787 Seventh Avenue
New York, New York 10019-6099
(212) 728-8000

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re)	Chapter 11 Cases
)	
Adelphia Communications Corporation, <u>et al</u> ,)	Case No 02-41729 (REG)
)	
Debtors.)	(Jointly Administered)
_____)	

**ORDER PURSUANT TO SECTIONS 105 AND 363 OF THE BANKRUPTCY CODE
AND RULES 2002, 6004 AND 9014 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE SEEKING APPROVAL OF THE SALE OF DEBTORS' LONG
DISTANCE BUSINESS TO
TELECOM MANAGEMENT INC. D/B/A PIONEER TELEPHONE**

Upon the motion (the "Motion") of the above-captioned debtors and debtors in possession (the "Debtors"), for an order pursuant to sections 105 and 363 of title 11 of the United States Code (the "Bankruptcy Code") and rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing and approving the sale of the Debtors' long distance telephone business ("Adelphia Long Distance") to Telecom Management Inc ("Buyer"), pursuant to the Asset Purchase Agreement, substantially in the form annexed to the Motion as Exhibit B (the "Asset Purchase Agreement"), free and clear of Encumbrances (as defined in the Asset Purchase Agreement); and due and sufficient notice having been given as described in the Motion, and it appearing that no other or further notice is required or necessary, and upon the objection, dated July 21, 2005, of OCV, Inc ("OCV") to the Motion (the "Objection"), and upon the record of the hearing held on July 26, 2005 to consider the Motion (the "Hearing"); and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates and creditors and other parties-in-interest; and on the record of these cases; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED, that for the reasons set forth on the record at the Hearing, the Objection is denied and the Motion is granted; and it is further

ORDERED, that for the reasons set forth on the record at the Hearing, the Objection is denied; and it is further

ORDERED, that capitalized terms not otherwise defined herein have the meanings given to them in the Motion; and it is further

ORDERED, that the Debtors are authorized to enter into and execute the Asset Purchase Agreement and all related documentation pursuant to section 363 of the Bankruptcy Code; and it is further

ORDERED, that the Debtors are authorized to sell Adelphia Long Distance to the Buyer as set forth in the Asset Purchase Agreement; and it is further

ORDERED, that the net sale proceeds from the sale of Adelphia Long Distance shall be utilized and applied in accordance with this Court's order, dated May 6, 2004, authorizing and approving a form of Second Amended and Restated Credit and Guaranty Agreement (the "Extended DIP Order"), and it is further

ORDERED, that upon the execution, delivery and closing of the Asset Purchase Agreement, the assets to be sold and the interests to be assigned by the Debtors to the Buyer will have been acquired by the Buyer (i) free and clear of Encumbrances (other than the Assumed Liabilities) and (ii) in good faith and as the result of arm's length negotiations within the scope and meaning of section 363(m) of the Bankruptcy Code, with the Buyer entitled to all the protections afforded by that section; and it is further

ORDERED, that this Order shall take effect immediately and shall not be stayed pursuant to Bankruptcy Rules 6004(g) and 7062 or otherwise; and it is further

ORDERED, that the Termination Motion shall be deemed to be withdrawn as of the Closing; and it is further

ORDERED, that the Debtors are authorized to take, or refrain from taking, any and all such acts as are necessary and appropriate to implement and effectuate the relief granted herein; and it is further

ORDERED, that this Court will retain jurisdiction to construe and enforce the terms of the Motion, the Asset Purchase Agreement and this Order.

Dated: New York, New York
July 27, 2005

s/ Robert E. Gerber
HONORABLE ROBERT E. GERBER
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT "C"

SAMPLE CUSTOMER NOTICE

Company A

Company B

(Customer Name)
(Address)

Dear Customer:

Company A and Company B have entered into an agreement whereby the telecommunications assets of A will be acquired by B, and B will become your telecommunication service provider. B anticipates becoming your telecommunications provider on or before [redacted]

This change in ownership will not affect or in any way disrupt your current service. **The rates and terms and conditions of the services offered by B will be the same as those offered by A.** A copy of B's terms and conditions for long distance services is attached hereto along with your billed rate plan. No charges or fees will be imposed and no rate increase will occur as a result of this transaction. B will inform you, by bill insert, of any post-transaction changes which may occur.

You have a choice of carriers. If you do not wish to remain a customer, you may change carriers and such change will be at B's expense. B will make every effort to resolve outstanding A customer complaints. The toll free Customer Service number will remain the same and if you have any questions, please call one of our Customer Service Representatives at 1-800-

All customers receiving this notice, including those who have arranged preferred carrier freezes through their local service providers, will be transferred to B. To arrange a new preferred carrier freeze, please contact your local service provider.

We at B are pleased to welcome you to our team and would like to express our appreciation for allowing us the opportunity of being your telecommunication service provider. We are confident that you will be pleased with the high quality of our service.

TERMS OF SERVICE

1. **SERVICES PROVIDED.** The Company will provide local and/or long distance telephone service in accordance with all terms and conditions set forth in the respective Company tariffs. Company tariffs are on file with the appropriate federal and state regulatory agencies where applicable and terms and conditions are available on the Company's web site
2. **CHARGES FOR SERVICES.** Customer shall pay for local and/or long distance service in accordance with the rates provided under Company's tariffs. Company will invoice customers for telephone service one (1) month in arrears for usage charges and one (1) month in advance for line and other recurring charges. Invoices shall become due and payable immediately upon receipt. Any invoices not paid within ten (10) days following the date of the invoice (or the minimum number of days required by prevailing state law) shall be deemed past due and assess a finance charge in the amount of one and one half percent (1.5%) of the outstanding balance or such lesser maximum charge as permitted by applicable law. Customer agrees to pay Company any and all costs and expenses (including reasonable attorney's fees) associated with the collection of any amounts due from Customer.
3. **CREDIT CHECK** Company reserves the right to verify credit as a condition of provisioning long distance telephone service, including whether Customer has been current on his/her account for the last six (6) consecutive months
4. **LIABILITY OF CUSTOMER FOR UNAUTHORIZED CHARGES.** The Customer accepts responsibility for the charges associated with the use of telephone numbers listed for Customer's account, regardless of whether Customer authorized the calls, as well as any monthly recurring charges.
5. **BILLING.** In the event Customer submits an inaccurate telephone number(s) on the order form, which does not belong to the Customer, Customer will be held responsible for all long distance charges and any local exchange carrier PIC charges for that number(s). Company may bill Customer through the Customer's credit card if Company so desires, with Customer's consent, which consent is hereby granted. In the event of non-payment, Customer agrees to pay all collection costs, including legal fees and court costs. Company and Customer each waive trial by jury in any action or proceeding brought by either of the parties hereto against the other, and on any counterclaim in respect thereof, on any matters whatsoever arising out of, or in any way connected with this Agreement. In addition, Company shall not be liable for any accounts disconnected for non-payment.
6. **INTERRUPTION OF SERVICE.** Customer acknowledges that no carrier or other person providing, selling arranging, or reselling services associated with Agreement with Company shall be liable for any indirect, special, consequential, incidental or other damages whatsoever (including without limitation any damages claimed for loss of income, revenue, or profits or for loss of good will) arising from any failures, interruptions, delays, errors or defects in transmission, equipment or services provided customer under the Agreement. Customer shall be entitled, as his/her sole and exclusive remedy, to a pro-rata adjustment for any interruption of service in excess of twenty-four (24) consecutive hours after the interruption is brought to Company's attention. Under no circumstances shall such pro-rata charge exceed one (1) month's service. Customer understands and agrees that Company and its underlying carriers shall not be liable to Customer or any other party for interruption or delays in transmission or failure to transmit, nor for special, incidental, or consequential damages caused thereby, including lost profits or loss of goodwill (whether or not Company has been advised of the possibility thereof) by reason of any breach, act or omission of Company in its performance hereunder. Customer will indemnify and hold Company harmless from and against any and all claims by any third party arising from or relating to provision of services to Customer under this Agreement.
7. **WARRANTY EXCLUSION.** Company makes no express or implied warranties as to the description, quality, merchantability, completeness or fitness for any purpose of the goods or services provided hereunder. Company hereby disclaims all warranties, express or implied, including but not limited to warranties or merchantability and of fitness for a particular purpose.
8. Company shall assess all surcharges, taxes and miscellaneous fees as required or allowed by applicable law. All surcharges, taxes and miscellaneous fees shall appear in Company's tariff if applicable.
9. **LOSS OR DAMAGE.** Customer hereby agrees to reimburse Company for any loss of or damage to any Company facilities resulting from the willful injury, or any other cause whatsoever unless such damage or loss is due to Company's sole negligence.
10. **GENERAL PROVISIONS.**
 - 1) The customer's selection of Company's telephone will apply to the telephone number(s) listed on the reverse side and any number(s) associated with the main telephone number.
 - 2) Only one (1) long distance company may be designated for each number listed on the reverse side and Customer agrees that Company shall be such company.
 - 3) The customer is responsible for calling Company customer service at (-) to cancel any and all services.
11. **VIOLATION OF TERMS & CONDITIONS.** A violation of any part of the above mentioned terms and conditions may result in any one or more of the following: (a) verbal or written notification; (b) cancellation or suspension of your account(s); (c) disconnection; (d) monetary charges or (e) legal action.
12. **TERMINATION OF SERVICE** Service can be terminated for non-payment or other circumstances as set forth in Company's tariff or as allowed by applicable law.

EXHIBIT "E"

MANAGERIAL PROFILES

Susan E. Bouchard
1050 Highland Ave.
South Portland, Me. 04106
207-799-8433
1-866-329-7830
sue@pioneertelephone.com
www.pioneertelephone.com

Objective

Expand the company.

Experience

Telecom Management, Inc. DBA/Pioneer Telephone 1996-Current

President/CFO

- Day to day operations
- Human Resources
- Financial record keeping

Fleet Bank of Maine 1986-1995

*Branch
Manager*

- Lending
- Managed staff of 6-10 people
- Responsible for overall profit of the branch.
- Sales of new accounts and products

Education

1986 University of Southern Maine

1986

- Computer Science
- Business Courses

Westbrook High School

1983-1986

- Business
- College prep. courses

Additional Skills

- QuickBooks
- Excel, Word, PowerPoint

Awards/Affiliations

- Banking Certificate
- Top Sales Producer

References

Available on Request

KEVIN PHOTIADES

Summary of Qualifications:

- Legal professional with high-level corporate and regulatory experience
- Hands-on experience with negotiating and managing business partner contracts
- Direct responsibility for guiding companies and clients in compliance activities, including legal research, drafting of documents and representation before state agencies
- Serve as day-to-day contact for vendor relations and large corporate accounts

Professional Experience:

Compliance Specialist – Telecom Management, Inc. d/b/a Pioneer Telephone Portland, Maine

June 2004 – Present

Responsible for management of all legal, regulatory and compliance activities for telecommunications company. Draft and file telecommunications licensing documents for authorities to provide local and long distance telephone services. Draft and complete corporate reports and other ongoing compliance documents. Maintain vendor relations. Research and respond to customer complaints filed with state PUCs, BBB and FCC. Review company policies and operating procedures for compliance. Update company tariffs as necessary.

Regulatory / Compliance Manager – United Systems Access, Inc. d/b/a USA Telephone Kennebunk, Maine

September 2002 – June 2004

Responsible for management of all legal, regulatory and compliance activities for telecommunications company. Negotiate and manage contracts with telecommunications vendors such as Verizon and Global Crossing. Establish and maintain vendor relations. Draft and file company tariffs that identify rates, terms and conditions for telephone service. Monitor and participate in state public utility proceedings involving compliance issues and disputes. Research and respond to customer complaints filed with state PUCs, Attorney General's office and FCC. Assist in preparing RFPs for provision of telephone service. Research and draft company policies involving collections, billing, disconnection procedures and customer privacy issues.

Paralegal – Long, Burner, Parks & DeLargy, P.C.

Austin, Texas

April 1997 – July 2002

Provided legal support for three attorneys in Administrative Law section of firm in various aspects of corporate, regulatory and compliance practice. Incorporated and organized corporations, limited liability companies, and limited partnerships. Performed due diligence and drafted documents for mergers, acquisitions, and contracts. Performed compliance activities for banks, insurance companies and agencies after mergers and acquisitions were complete. Drafted state and federal trademark applications. Assisted at administrative hearings and district court appearances. Guided clients and accomplished multi-state licensing of individual insurance agents and corporate agencies, banks and other entities

**Paralegal – Hall & Kleeman, P.L.L.C.
Austin, Texas**

March 1996 – April 1997

Assisted three attorneys with corporate/environmental/family law practice. Drafted client correspondence, litigation and discovery documents. Performed research at Texas Natural Resource Conservation Commission on environmental issues. Researched and drafted memos on various legal issues. Interviewed clients as needed for family law proceedings and account set-up. Assisted in bookkeeping for the firm by creating and maintaining client account spreadsheets.

Education:

Graduate: Paralegal Certificate, December 1996
Texas State University, San Marcos, Texas

Undergraduate: B.A., History, December 1991
University of Texas at Austin, Austin, Texas

Honors / Recognition:

Primary Scholarship Winner, Alamo Area Paralegal Association, Fall 1996
Panel Member, Texas Legal Educators Seminar, August 1998

EXHIBIT "D"

FINANCIALS

5:59 PM
06/09/05
Cash Basis

Telecom Management, Inc.
Profit & Loss
January through March 2005

CONFIDENTIAL

	Jan - Mar 05
Ordinary Income/Expense	
Income	
Escape International	3,611 00
MCI	345 94
Onvoy	149,239.25
Page Magic	225 00
Pioneer Telephone	1,733,972 42
Sign up Charge	5,542.90
Smart Solutions	816 00
THE VENTURE GROUP	1,755 59
Thomas Agency	1,213 15
Wild Horse	245 00
Total Income	1,896,966.25
Gross Profit	1,896,966.25
Expense	
Advertising	
Tradeshows	1,670.50
Advertising - Other	36,693.70
Total Advertising	38,364.20
Assessment fee	1,294.04
Bank Fees	
Merchant Fees	53,099.49
Bank Fees - Other	1,378 74
Total Bank Fees	54,478.23
Billing Companies	84,808.21
Bonds	2,250 00
Building Expenses	
cleaning	1,300 00
Pest Control	135 00
plowing	2,419 36
Rubbish Removal	177.73
Rug Cleaning Service	336.00
Total Building Expenses	4,368 09
Carrier Cost	
Arbinet	227,453.90
Global Crossing	190,638.42
Qwest	73,489 10
WilTel	242,385.94
Total Carrier Cost	733,967 36
coffee supplies	817 00
Colonial Employee Expense	-1,474.85
Company Outings	6,733 15
DHS Charge	-12 00
Domain Names	802 61
employee incentives	2,127 67
gifts	2,029 70
Hardware	23,797.40
Inter-Net	1,588.40
Leased Equipement	7,781 24
Life Insurance Expense	2,601 73
Medical/Dental Expense	-108 81
Office Supplies	4,913.46
Outside Services	
Building Maintance	108 00
Voice Log	1,546.25
Outside Services - Other	1,663.05
Total Outside Services	3,317 30

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06/09/05
Cash Basis

Telecom Management, Inc.
Profit & Loss
January through March 2005

	Jan - Mar 05
p/r	203,711.54
Payroll Processing Fees	414.85
Payroll Taxes	22,123.69
pension	17,567.31
Refunds	1,297.19
Seminars/classes	179.00
Staffing	30,661.23
Web-site	5,532.00
6050 · Commissions Expense	212,099.06
6110 · Automobile Expense	1,767.43
6140 · Charitable Contributions	300.00
6160 · Dues and Subscriptions	
Magazines & Books	1,114.20
6160 · Dues and Subscriptions - Other	7,574.89
Total 6160 · Dues and Subscriptions	8,689.09
6180 · Insurance	
workers comp	553.50
6185 · Liability Insurance	1,521.75
6180 · Insurance - Other	14,658.78
Total 6180 · Insurance	16,734.03
6200 · Interest Expense	
6220 · Loan Interest	401.85
6200 · Interest Expense - Other	601.20
Total 6200 · Interest Expense	1,003.05
6250 · Postage and Delivery	2,802.40
6260 · Printing and Reproduction	2,458.78
6265 · Filing Fees	1,700.05
6270 · Professional Fees	
6280 · Legal Fees	2,670.68
6650 · Accounting	9,756.71
6270 · Professional Fees - Other	5,964.90
Total 6270 · Professional Fees	18,392.29
6290 · Rent	
Switch Lease	4,025.00
Total 6290 · Rent	4,025.00
6300 · Repairs	473.45
6340 · Telephone	1,414.64
6350 · Travel & Ent	
Lodging	5,678.47
6360 · Entertainment	972.73
6370 · Meals	2,425.45
6380 · Travel	3,005.23
6350 · Travel & Ent - Other	300.00
Total 6350 · Travel & Ent	12,381.88
6390 · Utilities	
Gas	1,595.89
6400 · Electric	3,196.92
6410 · Water	42.37
Total 6390 · Utilities	4,835.18

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Cash Basis

Telecom Management, Inc.
Profit & Loss
January through March 2005

	<u>Jan - Mar 05</u>
6820 - Taxes	
Excise Tax	744.58
Franchise Tax	1,433.00
NECA	10,334.74
Sales Tax	70,685.12
Universal Service Fund	126,388.09
6850 - Property	4,152.43
Total 6820 - Taxes	<u>213,737.96</u>
Total Expense	<u>1,758,745.23</u>
Net Ordinary Income	<u>138,221.02</u>
Net Income	<u><u>138,221.02</u></u>

Telecom Management, Inc.
Balance Sheet
As of March 31, 2005

CONFIDENTIAL

	<u>Mar 31, 05</u>
ASSETS	
Current Assets	
Checking/Savings	
Customer Refund	751.81
Key Bank – Checking	151,454.41
Petty Cash Start UP	100.00
Total Checking/Savings	<u>152,306.22</u>
Other Current Assets	
Allowance for Bad Debt	-162,000.00
Due From Balfour	8,500.00
Due from Employee	-300.00
Interest Receivable	100,532.00
Other-A/R	270,635.60
Prepaid Expense	16,560.00
Pro-Life License	12,497.15
Total Other Current Assets	<u>246,424.75</u>
Total Current Assets	<u>398,730.97</u>
Fixed Assets	
Accum. Depr.	-148,720.00
Equipment	306,489.42
Furniture	60,491.08
Lease Hold Improvement	7,703.76
Software	30,043.55
Vehicles	103,758.99
Total Fixed Assets	<u>359,766.80</u>
Other Assets	
accum amort	-3,055.00
Accum Amtz- License	-208.00
Accum Amtz- Patents	-749.00
Due From C P & S Assoc., LLC	25,741.50
Due From Casey & Paige, LLC	214,813.19
DUE FROM SHAREHOLDER	352,656.91
NMM-Customer list	10,000.00
other Asset-patents	2,450.00
Total Other Assets	<u>601,649.60</u>
TOTAL ASSETS	<u><u>1,360,147.37</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
MBNA GOLD	2,595.17
Total Credit Cards	<u>2,595.17</u>
Other Current Liabilities	
Accrued Payroll	41,661.93
Commissions Payable	32,479.00
Deferred Compens	14.75
Deferred Tax Liability	63,400.00
Equipment TBA	600.00
FEDERAL TAXES PAYABLE	20,145.22
STATE TAXES PAYABLE	-91.47
Total Other Current Liabilities	<u>158,209.43</u>
Total Current Liabilities	<u>160,804.60</u>

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06/09/05
Cash Basis

Telecom Management, Inc.
Balance Sheet
As of March 31, 2005

	<u>Mar 31, 05</u>
Long Term Liabilities	
loan on Automobile	55,097.52
Note Payable Computer Lease	8,439.31
Note Payable Phone Lease	3,898.30
Total Long Term Liabilities	<u>67,435.13</u>
Total Liabilities	228,239.73
Equity	
Shareholder Distributions	-110,409.74
1110 · Retained Earnings	1,094,181.74
1520 · Capital Stock	10,000.00
3000 · Opening Bal Equity	-85.38
Net Income	138,221.02
Total Equity	<u>1,131,907.64</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,360,147.37</u></u>